

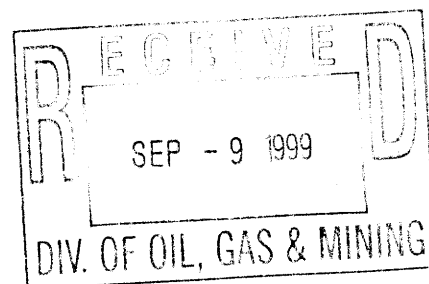


Canyon Fuel Company, LLC
 Soldier Canyon Mine
 P.O. Box 1029
 Wellington, UT 84542
 801 637-6360 Fax: 801 637-0108

996

August 31, 1999

Steve Demczak, Reclamation Specialist
 Coal Regulatory Program
 Utah Division of Oil, Gas, & Mining
 451 East 400 North
 Price, UT 84501



Steve:

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EXPLORATION
 ACT/007/039 #2

Per your telephone conversation on August 31, 1999 with Mark Scanlon, Dugout Canyon is submitting to your attention a brief discussion and map concerning Dugout Canyon's desire to conduct a seismic reflection survey on an existing road in Pace Canyon, extending from the southeast corner of section 19 through the southwest corner of section 21, T 13S, R 13E.

The seismic survey will be conducted as part of Canyon Fuel Company's (CFC) evaluation of the SITLA Dugout Tract prior to the upcoming lease sale this fall. The survey will consist of one survey line and will be conducted entirely on an existing road (please see enclosed map). The approximate length of the survey line will be 11,000 feet or 2.1 miles.

The survey must be conducted in late September in conjunction with the current exploration program and in coordination with the contractor's schedule. It is expected that only 2 days of field work will be required to complete the survey. The surface vibrator method will be used which does not require shot holes or other invasive methods. Geophones will be laid out on the surface of the road, as required for the survey. Pin flags will be used at multiple sites and the locations surveyed as part of the seismic survey.

All disturbance will be confined to the road surface, therefore, no disturbance will be made to soils or the hydrologic regime. The road is in good condition and will not require reworking or regrading, and no additional roads or sites will be constructed. Because the survey will be contained to the existing road and no new surface disturbance will be required, cultural resource or threatened or endangered species surveys should not be necessary. It is not expected that the survey will be conducted during inclement weather, thus should not cause additional impacts to the environment.

The surface owner, Milton Thayn, has granted surface access to this area to conduct coal mining related exploration activities (see attached consent agreement).

To allow CFC to conduct the survey in conjunction with the current exploration, coordinate with the contractor's schedule, and complete the survey this field season, a prompt review and approval is requested to avoid late season conflicts with hunters.

If you have any questions or need additional information, please contact Mark Scanlon at (435) 636-2873.

Sincerely,

A handwritten signature in black ink that reads "Mike Stevenson". The signature is written in a cursive, flowing style.

Mike Stevenson
Sr. Geologist

cc: Daron Haddock
Mark Scanlon